

A Resolution By:  
Finance/Executive Committee

**A RESOLUTION ESTABLISHING PROCEDURES FOR  
ENTERING INTO HEDGE AGREEMENTS FOR REVENUE  
BONDS**

01-R-0156

**WHEREAS**, the City of Atlanta (the "City") may find from time to time that it is financially advantageous for it to hedge its revenue bonds ("Revenue Bonds") by entering into contracts ("Hedge Agreements"), including, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the City determines is to be used, or is intended to be used, to manage or reduce the cost of any Revenue Bonds, to convert any element of any Revenue Bonds from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty; and

**WHEREAS**, Section 6-401(a) of the City's Charter provides that the City Council of the City shall prescribe by ordinance or resolution the procedures to be followed in the making of contracts which shall bind the City; and

**WHEREAS**, Article X of Chapter 2 of the Code of Ordinances of the City of Atlanta, Georgia (the "Code"), known as the Procurement and Real Estate Code, is not applicable to Hedge Agreements because (1) Hedge Agreements do not fall within the definition of "contract" contained in Section 2-1102 of the Code and (2) Hedge Agreements do not involve the procurement of supplies, services, construction, professional and consultant services, and real estate, as contemplated by Section 2-1105(a) of the Code; and

**WHEREAS**, the City Council of the City desires to prescribe by resolution the procedures to be followed in the making of Hedge Agreements;

**NOW, THEREFORE**, The City Council of the City of Atlanta, Georgia, hereby resolves as follows:

1. The Chief Financial Officer may, upon determining that it is financially advantageous to the City, from time to time recommend that the City enter into Hedge Agreements in order to hedge specific Revenue Bonds, subject to the following requirements:

(a) no more than twenty percent (20%) of the aggregate principal amount of Revenue Bonds outstanding for any particular Enterprise Fund of the City may bear interest at a floating or variable rate, whether by its original terms or as a result of Hedge Agreements;



(b) each rating agency then rating the Revenue Bonds to be hedged shall confirm in writing to the City that the Hedge Agreement to be executed will not result in the reduction or withdrawal of its rating on the related Revenue Bonds to be hedged;

(c) the Hedge Agreement to be executed will comply with all applicable covenants contained in the bond ordinance(s) securing the Revenue Bonds to be hedged;

(d) each provider with which the City will execute a Hedge Agreement shall be selected either (1) through a competitive bidding process conducted by the Chief Financial Officer or (2) through a negotiated process conducted by the Chief Financial Officer, in which at least two (2) indicative prices and a fairness opinion of a **independent consultant that is not an underwriter of municipal bonds** employed by the City are received; with the decision of whether to select a provider through a competitive bidding process or a negotiated process to be made by the Chief Financial Officer after assessing relevant market conditions;

(e) each Hedge Agreement to be executed shall be authorized by ordinance or resolution of the City Council; and

(f) the City shall receive a legal opinion addressed to it to the effect that each Hedge Agreement to be executed will be a valid obligation of the City.

(g) **the City shall receive written confirmation by all appropriate bond rating agencies and bond insurers related to the specific bonds being Hedged.**

2. The Chief Financial Officer shall report to the City Council no less frequently than once each calendar quarter the City's position with respect to each Hedge Agreement in effect.

3. Any and all ordinances and resolutions, or parts of ordinances or resolutions, if any, in conflict with this Resolution are hereby repealed.

OMC Amendment incorporated by WHG 2/14/01

A true copy,

*Rhonda Dauphin Johnson*  
Municipal Clerk, CMC

ADOPTED as amended by the Council  
APPROVED by the Mayor

FEB 05, 2001  
FEB 13, 2001



RCS# 2604  
2/05/01  
5:40 PM

Atlanta City Council

Regular Session

01-R-0156      Establish procedures for entering into  
                 hedge agreements for revenue bonds  
                 ADOPT AS AMEND

YEAS: 12  
NAYS: 2  
ABSTENTIONS: 0  
NOT VOTING: 1  
EXCUSED: 0  
ABSENT 1

Y McCarty	B Dorsey	N Moore	Y Thomas
Y Starnes	Y Woolard	Y Martin	Y Emmons
Y Bond	Y Morris	Y Maddox	Y Alexander
Y Winslow	Y Muller	N Boazman	NV Pitts

01-0156  
(Date when above this line)

RESOLUTION  
BY FINANCE/EXECUTIVE COMMITTEE  
  
A RESOLUTION ESTABLISHING  
PROCEDURES FOR ENTERING INTO  
HEDGE AGREEMENTS FOR REVENUE  
BONDS.

2/5/01 Muller Motion to  
Amend Approved by roll call  
vote

ADOPTED BY  
FEB 05 2001  
COUNCIL

AS AMENDED

- ☐ CONSENT REFER  
☐ REGULAR REPORT REFER  
☐ ADVERTISE & REFER  
☐ 1st ADOPT 2nd READ & REFER  
☐ PERSONAL PAPER REFER

Date Referred

Referred To

Date Referred

Referred To

Date Referred

Referred To

First Reading

Committee  
Date  
Chair  
Referred to

Committee

Date

Chair

Actions

Fav, Adv, Held (see rev. slide)

Other

Members

Refer To

Committee

Date

Chair

Actions

Fav, Adv, Held (see rev. slide)

Other

Members

Refer To

Committee

Date

Chair

Actions

Fav, Adv, Held (see rev. slide)

Other

Members

Refer To

Committee

Date

Chair

Actions

Fav, Adv, Held (see rev. slide)

Other

Members

Refer To

FINAL COUNCIL ACTION

☐ 2nd ☐ 1st & 2nd ☐ 3rd  
Readings

☐ Consent ☐ V Vote ☒ RC Vote

CERTIFIED

CERTIFIED  
FEB 5 2001

ATLANTA CITY COUNCIL PRESIDENT

*James A. Parker*

CERTIFIED  
FEB 05 2001  
*Raymond Johnson*

MAYOR'S ACTION

FEB 13 2001

*Ann Quinn*